

**Statewide Cash Management Plan**

Policy Area: Cash Management	Effective Date: 7/1/1986
Policy Sub Area: NA	Last Revision Date: NA
Authority: G. S. 147-86.11	Policy Owner/Division: Statewide Accounting

Policy

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. It is the responsibility of each agency, department and institution to prepare a cash management plan that meets both the requirements of the Statewide Plan and the unique cash management needs of the individual agency, department or institution.

Plan Requirements**Cash Management over Receipts:**

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:
 - a. All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.
 - b. Monies received in trust for specific beneficiaries for whom the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G. S. 147-69.3.
2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law.
3. Monies due to a State agency, department or institution from other governmental agencies or from private persons shall be promptly billed, collected and deposited. All agencies, departments and institutions will establish accounts receivable management policies and procedures. (Please note that individual Community Colleges are not subject to the statewide accounts receivable policies and procedures. However, to insure compliance, individual Community Colleges must include their specific accounts receivable policies and

procedures.)

4. Unpaid billings, of any dollar amount, due to a State agency, department or institution shall be turned over to the Attorney General for collection no more than 60 days after the due date of the billing. Amounts owed by all patients which are less than the federally established deductible applicable to Part A of the Medicare program are exempt. The agency, department or institution may handle these unpaid bills pursuant to agency debt collection procedures identified in the previous item.
5. Federal funds received for major federal assistance programs, that are governed by the Cash Management Improvement Act of 1990, must be drawn in accordance with the current State/Federal Agreement.
6. All federal fund draws should be timed so that the funds are on deposit with the State Treasurer no more than three business days prior to the disbursement.
7. State agencies shall accept electronic payments (credit/debit cards [merchant cards] and electronic fund transfer [EFT]), in accordance with G.S. 147-86.22, to the maximum extent possible and consistent with sound business practices. The agency must submit a business plan to the State Controller for evaluation prior to the acceptance of electronic payments. All agencies will utilize the Master Settlement Agreement (MSA) for electronic payment processing. All agencies will establish policies and procedures necessary to facilitate the use of electronic payments. These policies and procedures will incorporate the statewide electronic payment policies and procedures (http://www.ncosc.net/SECP/SECP_Policies.html) and be included as a part of the agencies', departments' or institutions' cash management plan.

In addition to adhering to these guidelines, agency plans shall employ proven techniques which improve cash handling. Some of those techniques include:

- Receipt of federal grant payments by wire transfer when possible.
- Special post office boxes to facilitate the processing of large remittances.
- Color coded mailing labels and envelopes to identify remittances for special handling.
- Separate addresses to distinguish remittances from other mail.
- Reassignment of personnel, or the hiring of temporary personnel, when this proves cost effective, to accelerate the processing of remittances during peak periods.
- Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.
- The evaluation and establishment of lock-boxes in areas which are large sources of remittances, but which are geographically distant from the nearest State agency office. Lock-boxes are locked Post Office boxes tended by banking agents. These allow quicker cash collection in areas which are not served by agency offices.
- The use of remittance processing equipment when justified by the volume of deposits.
- Establishing billing schedules which are both efficient and lead to earlier receipt of monies due to the State.
- Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.

Cash Management over Disbursements

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules should be included in all plans:

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.

2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of Chapter 143C of the General Statutes, regardless of whether the State agency disbursing or expending the monies is subject to the State Budget Act.
3. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
4. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.
5. Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due. In order to avoid disbursing account overdrafts, warrants should not be released before adequate funds have been requisitioned by the agency and approved and deposited to the applicable disbursing account by the OSC.
6. Electronic Funds Transfer (EFT) should be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties.
7. State administered procurement cards should be used to provide employees with food, lodging and other applicable subsistence in emergency situations.

Procedures

NA

Accounting Guidance

NA

Related Documents (Memos/Forms)

NA

Revision History

Date	Description
NA	